

Order Execution Policy – Financial Instruments

HAUCK
AUFHÄUSER
LAMPE





Explanatory Notes on the Order Execution Policy

1. Scope of Application

This Order Execution Policy (“Best Execution”) governs the execution of orders placed by a customer (within the meaning of this Policy, this term includes both private and professional customers, but not eligible counterparties)

- of Hauck Aufhäuser Lampe Privatbank AG
- or its branch in Luxembourg, Hauck Aufhäuser Lampe Privatbank AG, Luxembourg Branch

(hereinafter collectively referred to as “Bank”) for the purpose of buying or selling securities (pursuant to Clause 10 of this Policy). It forms a part of the Special Conditions for Securities Transactions and thus an integral part of the Standard Terms and Conditions of Business of the Bank.

Execution as used herein shall mean that the Bank, on the basis of a client order and on its customer’s behalf, carries out a corresponding transaction (commission transaction) with another party or enters into a sale and purchase agreement with the client (fixed-price transaction). Commission transactions are governed by Order Execution Policy Nos. 3 et seq.; the policy for fixed-price transactions is described in the next section.

The following execution venues are possible:

- Regulated markets in Germany or abroad,
- Multilateral Trading Facilities (MTF)
- Organized Trading Facilities (OTF)
- Systematic Internalizers (SI), other providers of liquidity or institutions which perform an equivalent function in a third country.

The bank does not receive any remuneration, discount or non-monetary benefit for forwarding customer orders to any specific execution venue.

2. Fixed-Price Transactions

The Order Execution Policy applies only to a limited extent if the Bank and the customer enter into a sale and purchase agreement for financial instruments at a fixed or definable price (fixed-price transaction). There is no Best Execution duty within the meaning of the German Securities Trading Act (WpHG). The obligations of the Bank and of the customer arise directly from the sale and purchase agreement. In the event of a fixed-price transaction for securities, there is an obligation to deliver the securities and an obligation to pay the purchase price.

This Order Execution Policy specifies when the Bank will generally offer the conclusion of such fixed-price transactions. However, the Bank is not obliged to enter into such transaction.

3. Priority of Client Instructions

The customer may instruct the Bank on the choice of execution venue at which the order is to be executed. The customer’s instructions generally take priority over the execution of an order in accordance with this Order Execution Policy, and the Bank is not obliged to execute the order according to the best execution factors set forth in this Policy. Following a customer’s instructions may result in the Bank not achieving the best possible result.

4. Forwarding of Orders

If the Bank has no direct access to an execution venue, or if it seems to be in the best interest of the customer, the Bank will forward the customer’s order to a suitable intermediary (broker) whilst ensuring compliance with this Order Execution Policy.

The customer’s order will then be processed in accordance with the measures of the intermediary to ensure the best possible execution.

5. Deviation from this Policy in Individual Cases

If extraordinary market conditions or market disturbances require execution in a manner deviating from this Order Execution Policy, the Bank will opt to do so whilst ensuring due consideration is given to the best interests of the customer. Under such circumstances, the Bank will also do its utmost to achieve the best possible results for the investor.

6. Relevant Criteria for the Best Possible Execution

When stipulating the Order Execution Policy, the Bank takes into account the type of customer order, the characteristics of the customer or financial instrument and the following weighted criteria:

High weighting

- Price of the financial instruments
- Costs of order execution
- Scope of the order

Medium weighting

- Speed of order execution
- Likelihood of execution

Low weighting

- Likelihood of clearing and/or settlement
- Qualitative Factors (e.g. disaster recovery)

Orders are placed in accordance with the following policy:

When selecting the specific execution venue, the Bank assumes that the primary objective of the customer is to achieve the best possible price, taking into account all costs associated with the execution. As securities are generally subject to price fluctuations and therefore price developments to the disadvantage of the customer cannot be excluded during the period following order

placement, a further factor for determining the execution venue will also be the likelihood of an order being executed in its entirety and in the near future as a result of sufficient liquidity. For private customers, the total costs incurred shall be decisive.

Trade orders for financial instruments are placed on the best available terms, taking into account all information available at the time the order is placed. In deciding whether to place an order, the Bank takes into account factors relevant to achieving the best possible result.

The following criteria are also taken into account when selecting the brokers to whom customer orders are forwarded in accordance with this Order Execution Policy:

- Access to stock exchanges (regulated markets)
- Access to multilateral trading facilities (MTF)
- Access to organized trading facilities (OTF)
- The broker's capacity as a systematic internalizer (SI)

When executing orders or making decisions on trading in OTC products, including tailored products, the Bank verifies the fairness of the price offered to the customer by drawing on market data used in assessing the price of this product and, where possible, comparing it with similar or comparable products.

7. Publications of the Bank

Once a year, the Bank publishes a statistic on the five most important execution venues (based on the trading volume of the previous year) where it executes customer orders.

In addition, the Bank regularly publishes information on the quality of execution achieved. This information is published on the website of the Bank (www.hal-privatbank.com).

8. Review of the Order Execution Policy

This Order Execution Policy is reviewed by the Bank on a regular basis, and at least once a year. A review is also conducted if there is a significant change in the market environment which could negatively affect the achievement of the best possible results through this Order Execution Policy. The results of the review and any changes made to the Order Execution Policy are regularly published on our website (www.hal-privatbank.com).

In addition, ongoing reviews are conducted of the effectiveness of internal precautions taken to ensure compliance with the Policy, the quality of the executions and the suitability of the selected financial intermediaries.

9. Order aggregation

Client orders are handled with priority over orders for own (house) account and shall not be aggregated with those unless it seems advantageous for client. The Bank will bundle buy or sell orders for the securities deposit accounts of several customers and execute them as an aggregated order (block order) where this seems advisable in light of the order volume, type of securities, market segment, current market liquidity and price sensitivity of the traded security. The Bank would like to point out that aggregation may be disadvantageous for any one individual order. The Bank will only aggregate orders when it is not likely that such aggregation will work to the detriment of individual customers.

Furthermore, the Bank will allocate aggregated orders in a proper manner and in accordance with its Order Allocation Policy.

10. Overview of the Trading Venues by Group of Financial Instruments

10.1 Shares and Depository Receipts

The Bank executes client orders at the following execution venues:

Shares and share certificates of domestic issuers	XETRA or other domestic regulated trading venue, if not listed in XETRA
Shares and share certificates of international issuers	International primary listing exchange, alternatively at a domestic trading floor or multilateral trading facility (MTF)

For selected stocks, the Bank offers fixed-price transactions and/or off-exchange order execution. These offerings may be limited to specific sales channels.

In such cases, the Bank will obtain the express consent of the customer for execution outside regulated markets and multilateral trading facilities.

10.2 Debt Instruments

The Bank offers the possibility to directly buy from, or sell to, the Bank interest-bearing securities (including zero-coupon bonds). Purchase and sale are executed at a fixed price agreed with the Bank (fixed-price transaction).

If no fixed-price transaction is agreed upon, the Bank executes the order on a commission basis over the counter (OTC) or as follows:

Interest-bearing securities (debt instruments and money-market instruments)	Execution at a regulated market selected by the Bank or a multilateral trading facility (MTF)
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10.3 Subscription Rights

The Bank executes customer orders as follows:

Subscription rights for domestic shares	XETRA or other domestic regulated trading venue, if not listed in XETRA
Subscription rights for international stocks	International primary listing exchange, alternatively at a domestic trading floor or multilateral trading facility (MTF)

10.4. Shares in Investment Funds or Exchange Traded Funds (ETFs)

Shares in investment funds issued and redeemed in accordance with the Kapitalanlagegesetzbuch [Capital Investment Code] (“KAGB”) in force in Germany or in accordance with Luxembourg Investment law are not bound to the statutory provisions on best execution.

The Bank buys shares in investment funds at a fixed price which equals the net asset value (“NAV”) determined pursuant to the rules of the KAGB or, as the case may be, the investment laws of Luxembourg plus any commission that may be due.

Shares in investment funds which are redeemed directly via the management company will be charged at their respective NAV (redemption price) plus any redemption premium that may incur.

Upon explicit instruction, the execution will be performed through a regulated market.

The Bank executes customer orders in ETFs as follows:

Exchange Traded Funds (ETFs)	For each International Securities Identification Number (ISIN), one domestic/foreign stock exchange is determined, via market maker or as direct transaction with the investment management company/transfer agent
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10.5. Certificates, Warrants and other Securitized Derivatives

The Bank offers the possibility to buy or sell certificates (including other structured bonds) and warrants, as well as other securitized derivatives for subscription or for acquisition (and redemption, as appropriate) for a fixed price (fixed-price transaction) or as an off-exchange agency transaction (OTC transaction).

If neither a fixed-price transaction nor execution as an off-exchange agency transaction (OTC transaction) is agreed, and no instructions are issued by the customer with regard to the execution venue, the order is executed as follows:

Warrants/certificates with domestic primary listing exchange (securitized derivatives)	Domestic stock exchange or as a direct off-exchange transaction with the issuer or an intermediary
Warrants/certificates with international primary listing exchange	International stock exchange or as a direct off-exchange transaction with the issuer or an intermediary

10.6. Financial Derivatives (Futures and Options Contracts)

This includes financial derivative transactions that are traded on a derivatives exchange at standardized terms and conditions, or non-standardized derivatives that are individually agreed off-exchange between the Client and the Bank (over-the-counter (OTC) transaction). Depending on the financial instrument, special conditions or special agreements apply here (Master Agreement for the Conclusion of Forward Transactions with Special Conditions for Forward Trading, Master Agreement for Financial Derivatives Transactions etc.).

The Bank executes such orders as follows:

Exchange-traded derivatives	EUREX or international derivatives exchange
Off-exchange derivatives (OTC)	Transaction between the Bank and the customer

Appendix: List of Execution Venues

Execution Venues	Shares & Share certificates	Debt instruments	Derivatives	Structured financial products	Other exchange-traded products
Domestic exchanges					
■ Xetra (XETR)	✓	✓		✓	✓
■ Eurex (XEUR)			✓		
■ Frankfurt ¹ (XFRA)	✓	✓		✓	✓
■ Stuttgart (XSTU)	✓	✓		✓	✓
■ Munich (XMUN)	✓	✓		✓	✓
■ Hamburg ¹ (XHAM)	✓			✓	✓
■ Hannover ¹ (XHANA)	✓			✓	✓
■ Düsseldorf ¹ (XDUS)	✓	✓		✓	✓
■ Bremen ¹ (XBRE)	✓			✓	✓
■ Berlin ¹ (XGRM)	✓			✓	✓
Foreign exchanges¹					
	✓	✓	✓	✓	✓
Multilateral trading facilities					
■ Bloomberg MTF	✓	✓	✓	✓	✓
■ MarketAxess		✓			✓
■ Chi-X ¹	✓				
■ Tourquoise ¹	✓				
■ Bats ¹	✓				
■ Quotrix ¹	✓	✓			

¹⁾ These execution venues are accessed through intermediaries

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